34. CGM, T&D Circle, Jabalpur.
35. CGM, NCES, New Delhi.
36. CGM, ALTTC, Ghaziabad/BRBRAITT, Jabalpur.
37. CGM, Data Net Work, Noida.
38. Director General P&T Audit, Delhi-110054.
39. All P&T Audit offices.
40. Jt. DDG/Directors-PHA/PHB/PHE/ERU/TR/T-1/T-2/regln./Inspt./Comml/MSE.
41. Social Audit Panel, DoT, New Delhi.
42. All Telecom Training Centres.
43. CMD, MTNL, ND.
44. OL section, for arranging Hindi version stencils.
45. Guard files.

Sd/-
(N.K. Dewan)
Asstt. Director General (Costing-I)
Tel. 3036458

Growth of IT Exports

1168. SHRIMATI VANGA GEETHA: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the details of the growth of IT exports during the current year;

(b) the export made in terms of rupees during the said period; and

(c) the details of the steps being taken by Government to boost the export prospects?

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) and (b) IT Software and Services exports projection for the year 2001-2002 in Rupee terms is Rs. 37000 crore, with annual growth rate of 30%.

(c) The steps taken by the Government to promote IT industry are given in the statement.

Statement

Various steps taken by the Government to promote IT sector

1. Export Promotion Capital Goods scheme (EPCG) has been rationalized and extended uniformly to all sectors without any threshold limit on payment of 5% duty.

2. Approvals for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.

3. EHTP and STP schemes are implemented under the aegis of the Ministry of Information Technology through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).

4. DTA access upto 50% of the FOB value of export is permitted for electronics hardware units under EOU/EPZ/EHTP schemes, and the software units under EOU/EPZ/STP schemes. Broadbanding is permitted in the DTA sales of Hardware units for items covered in the Letter of Permission.

5. Accelerated depreciation norms for computers and computer peripherals for units under Export Oriented Schemes (EOU/EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 years earlier.

6. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.

7. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme.

8. The Depreciation on Computers has been allowed @ 60%.

9. In the Budget 2001-2002, the peak rate of customs duty continues @35% Customs duty surcharge @ 10% has been abolished on all imports, in general but Special Additional Duty (SAD) @ 4% continues on all imports, except specific exemptions. In the 2000-2001

Budget, Customs duty on Computers and Peripherals had been reduced from 20% to 15% and continues to be same. The Customs duty on all storage devices, integrated circuits, microprocessors, data display tubes and deflection components of colour monitors also continues at 0%. In the 2001-2002 Budget, Customs duty on Information Technology Agreement (ITA-1) items of WTO (IT and Telecom products) has been reduced from existing 20-25% to 15%. The concessional rate of customs duty for specified raw materials for the electronics industry continues. Customs duty on parts of Telecom reduced to 5%. 32 items (additional) of Capital goods allowed at a concessional duty of 5% for the manufacture of semiconductors.

10. In the Budget 2001-2002, the Central Excise duty structure has been rationalized from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%.

11. Information Technology Software is exempted from Customs and Excise Duty.

12. Second hand capital goods upto 10 years old have been made freely importable.

13. EOU/EPZ/STP/EHTP units are exempted from payment of Income Tax on export profits, up to 2010, in terms of Section 10A and 10B of the Income Tax Act.

14. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.

15. Definition of Computer Software as in Section 80 HHE of the Income Tax Act has been widened to include transmisison of data.

16. Benefit of Section 80 HHE is available to supporting software developers.

17. IT enabled Services has been made eligible for Income Tax benefit under Sections 10A, 10B and 80HHE of the Income Tax Act.

18. The donation of computers, imported duty free by EOU/ EPZ/STP/EHTP units to recognized non-commercial education

institutions, registered charitable hospitals, public libraries, public funded research and development establishments, etc. two years after their use by the said units has been permitted.

19. The second-hand computers and computer peripherals donated by an outside donor to Government schools and recognized schools run on a non-commercial basis by any organization have been exempted from customs duties.

20. Income by way of dividends or long-term capital gains of a Venture Capital Fund or Venture Capital company from investment made by way to equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income.

21. To give thrust to Venture Capital finance. SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.

22. There will be no tax on distributed or undistributed income of Venture Capital Funds. The income distributed by the VCFs will only be taxed in the hands of the investors at the rates applicable to the nature of the income. VCFs will continue to be eligible for exemption even if the shares of the VC undertaking in which the VCFs have made the initial investment are subsequently listed in a recognized stock exchange in India.

23. Under policy on portfolio investment, Foreign Institutional Investors (FIIs) are permitted to invest in a company upto an aggregate of 24% of equity shares, extendable upto 40% subject to approvals. This limit has been raised from 40% to 49% in the Budget 2001-2002.

24. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee of IT software and service companies, shall be at a concessional rate of 10%.

25. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network providers.

26. Two-way fungibility has been permitted for ADRs/GDRs. Local shares can now be reconverted into ADRs/GDRs, subject to sectoral caps.

27. To induce more investment for R&D activities, a weighted deduction of 125% of the sums paid to any university, college or an institution or a Scientific research association of the purposes of scientific, social or statistical research has been provided.

28. A National Venture Fund for Software and IT Industry (NFSIT) has been set up with a corpus of Rs. 100 crores, out of which MIT shall contribute Rs. 30 crores.

29. For reduction of transaction time for export/import clearances, Ministry of Civil Aviation has finalized the scheme of 'Known-Shippers' for doing away with the 24 hours cooling off period. Two shifts have been introduced on week days and single shift on holidays at the Air Cargo Complexes at Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Delhi and Goa.

30. STPI has set up a business support centre in the USA, which is operational since November 1999, to promote business for STP units and provide marketing support to STPs.

31. Information Technology Act 2000 has been enacted. This act deals with Cyber Security. Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through Internet.

New companies in basic telephone facilities

1169. SHRI P.N. SIVA: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the details of the new companies functioning in the field of basic telephone facilities; and

(b) the number of connections provided under the private sector up to March 31, 2001, State-wise?